

Ruths Hospitality Group, Inc.
Form 10-Q
May 10, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 1, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-51485

Ruth's Hospitality Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	72-1060618
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

1030 W. Canton Avenue, Suite 100,

Winter Park, FL	32789
(Address of principal executive offices)	(Zip code)

(407) 333-7440

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Registrant's telephone number, including area code

None

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "accelerated filer," "large accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's common stock as of April 27, 2018 was 30,939,408, which includes 1,135,300 shares of unvested restricted stock.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RUTH'S HOSPITALITY GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets—Unaudited

(Amounts in thousands, except share and per share data)

	April 1, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$2,168	\$ 4,051
Accounts receivable, less allowance for doubtful accounts 2018 - \$392; 2017 - \$361	13,127	21,626
Inventory	8,368	8,688
Prepaid expenses and other	2,476	2,680
Total current assets	26,139	37,045
Property and equipment, net of accumulated depreciation 2018 - \$148,338; 2017 -		
\$144,373	112,474	112,212
Goodwill	36,522	36,522
Franchise rights, net of accumulated amortization 2018 - \$858; 2017 - \$396	46,360	46,822
Other intangibles, net of accumulated amortization 2018 - \$1,235; 2017 - \$1,181	3,850	3,904
Deferred income taxes	5,843	4,947
Other assets	623	644
Total assets	\$231,811	\$ 242,096
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$7,384	\$ 10,510
Accrued payroll	13,018	15,903
Accrued expenses	8,687	11,203
Deferred revenue	36,579	42,596
Other current liabilities	8,100	8,313
Total current liabilities	73,768	88,525
Long-term debt	43,000	50,000
Deferred rent	22,406	21,993
Unearned franchise fees	3,034	—
Other liabilities	2,014	2,074
Total liabilities	144,222	162,592
Commitments and contingencies (Note 11)	—	—
Common stock, par value \$.01 per share; 100,000,000 shares authorized, 29,789,715		
shares issued and outstanding at April 1, 2018, 29,645,790 shares issued and		
outstanding at December 31, 2017	298	296
Additional paid-in capital	77,169	77,017

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Retained earnings	10,122	2,191
Treasury stock, at cost; 71,950 shares at April 1, 2018 and December 31, 2017	—	—
Total shareholders' equity	87,589	79,504
Total liabilities and shareholders' equity	\$231,811	\$ 242,096

See accompanying notes to condensed consolidated financial statements.

RUTH'S HOSPITALITY GROUP, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income—Unaudited

(Amounts in thousands, except share and per share data)

	13 Weeks Ended	
	April 1,	March
	2018	2017
Revenues:		
Restaurant sales	\$110,364	\$99,455
Franchise income	4,417	4,390
Other operating income	1,745	1,693
Total revenues	116,526	105,538
Costs and expenses:		
Food and beverage costs	31,405	28,579
Restaurant operating expenses	51,679	45,447
Marketing and advertising	3,477	2,446
General and administrative costs	8,976	8,137
Depreciation and amortization expenses	4,461	3,505
Pre-opening costs	140	1,179
Total costs and expenses		